2.2 General Finance Functionality

The following section contains general finance solution information to support specific concepts and principles within the SCEIS solution. The information does not contain a series of decisions open or reached by the workshop participants but, has been included within the business blueprint in order to place context around the solution.

2.2.1 Document Principle

The SCEIS solution is based on the document principle, which states that every business transaction creates a document. Document configuration defines the structure of each type of document. In the system, a document is created for every business transaction. Each document receives a unique document number. A document can consist of one screen (or page) or many screens (or pages), each containing different levels of detail.

Every document consists of:

- A document header, which contains general data that applies to the entire document such as:
  - Posting date: the date that general ledger account balances or the customer/vendor balances are updated. It determines the posting period.
  - Document date: issue date of the original document (not necessarily the same as the posting date). For invoices it is called the invoice date.
  - Document number
  - Document type
  - Currency
  - Document header text
- At least two line items, a minimum of one debit and one credit, and at most 999 line items. Every line item contains a:
  - Posting key (can be hidden for some line items, e.g. customer, vendor)
  - Account number
  - Amount

Since it is posted at the company code level, where balanced financial statements are ensured, a document can only be posted if the debits equal the credits. An exception to this rule is a noted

item, which contains only a debit or a credit; it serves as a reminder and does not affect the financial books.

A document type characterizes each document. The document type is a two-character alphanumeric field. The document type:

- Distinguishes between types of business transactions that are posted. For example:
  - SA: General ledger accounting document
  - DR: Customer invoice
  - DZ: Customer payment
- Controls the account types that may be used in the posting with this document type. For example:
  - D: Customer accounts
  - K: Vendor accounts
  - S: General ledger accounts
  - A: Assets accounts
  - M: Material accounts
- Is assigned a number range, which controls how document numbers are assigned
- Can be used as a sort criteria

It is possible to restrict user access to a document type by using authorizations.

Document number ranges are defined per company code and are assigned to each document type in the system. Document number ranges can be maintained by:

- Maintaining intervals: Create and change number ranges
- Changing the status: Intentionally change the current number field

Number ranges are valid based on the fiscal year. If year specific document numbers are not desired, a future year must be specified in the year field. The following number ranges, for which no document type entries exist, are reserved:

- X1: Recurring entries

- X2: Sample documents

Document numbers uniquely identify documents in the system. The number ranges used to control document number assignment can be defined to assign them internally (the system assigns the current number to the document) or externally (the user must enter a document number manually when creating a document). Please see each Finance functional section for further information on document numbering.

In the SCEIS solution the State will be able to post only complete documents. "Complete" means that the balance from the debit and credit items is zero. Further conditions for posting a document are that the basic account assignment data, such as document date, posting date, posting key (Dr. or Cr.), account number and amount are entered and valid.

When documents are entered, the system will check whether all these conditions have been met. It will check the entries themselves, insofar as this is possible. For example, if an organizational element is entered that is not defined in the system, the system will issue an error message to this effect. If this is the case, processing can be continued only after the error is corrected. These system checks guarantee that all the required data is entered into the system in complete and error-free form.

Posting is the act of saving a document, which results in the on-line, real time update of the accounts involved. To reduce errors, users can view the document that is about to be posted by using the simulate function. This function will display the document as it will be posted and allows changes to be made if data was keyed incorrectly.

Documents are entered in the system to represent business transactions. In the document header, information is entered that is valid for the entire document including:

- Document date: Identifies the date on which the original document was created (informational data)
- Document type: Defines the business transaction to be entered
- Company code: Identifies the company in which the business transaction is to be entered
- Posting date: Determines the posting period in which the document is entered

A “check in a box” symbolizes a required entry.

If the user attempts to post a document that is not in balance or contains invalid data, an error message results.

The goal of the enjoy posting is to provide a simpler interface and quicker links to important information. All line items can be entered on just one screen and instead of determining posting keys for line items, users only need to decide whether the line item is a debit or credit entry. Unlike the complex posting, the document header information is not separated from the line items. However, the line items are in a separate area. Quick links are provided to display relevant details about the customer's master record and account. A tree structure is available, which allows the user to select screen variants and other items that have been pre-defined or saved from earlier sessions.

The Assignment field (alphanumeric, up to 18 characters) is updated automatically with the data from the field referenced in the Sort Key field of the general ledger account, vendor or customer master records. The system uses the Assignment field to sort line items during general ledger account display and system activities such as clearing. The user can manually enter a value in the Assignment field.

There are 5 steps that the system follows when a document is posted:

- Data is entered and the Save/Post push-button or simulate command is selected.
- User-defined substitutions are executed.
- Any derived characteristics are brought into the document. Derivations are values that the system automatically finds for unfilled characteristic fields based on characteristic fields that are known.
- The Coding block is checked for master data availability and compatibility (e.g. an account might be blocked for posting)
- Finally any user-defined validations are carried out. For example, a validation may exist that limits the general ledger accounts for which a data entry clerk can process a transaction.

If there is a problem in any of the above steps, the system returns a warning or error message depending on how the desired system response is configured.

The posting key is a two-digit numeric key that controls how document line items are entered and posted. The posting key:

- Specifies whether the line item is a debit or credit
- Specifies the account type:
  - Customer
  - Vendor
  - General ledger account
  - Asset
  - Material
- Determines other properties:
  - Sales related: Indicates the line item is used in the calculation of sales
  - Special general ledger transaction: Indicates the posting key relates to a special general ledger transaction
  - Reversal posting key: Indicates the posting key used to reverse line items made with the current posting key
  - Payment Transaction: Indicator marked if the posting key is relevant to transactions related to incoming or outgoing payments
- Contains Field Status definitions that are used as a factor in determining the screen layout when posting transactions

2.2.2 Posting

When a posting transaction is executed, the document type and initial posting key are defaulted by the system. These can be changed prior to posting the document.

The SCEIS solution has two ways of posting documents, called complex/standard posting and enjoy posting. Enjoy postings are more user-friendly than the standard postings not only because of a simplified data entry screen but also because of defaulted document type and posting keys for multiple line items. Unlike the default posting keys in a complex posting, the defaulted posting keys in an enjoy posting cannot be changed.

The defaults for posting keys and document types have to be defined in configuration.

The document types are defined per company code, account type and possibly transaction (e.g., invoice, credit memo). However, if a unique document type is required for an individual agency, then security can be implemented to prevent others from use, but it is created at the company code level. The posting keys are defined according to the transaction (general ledger account posting, outgoing invoice, incoming invoice, etc.) and the item within the transaction (customer, vendor, general ledger). The State will use standard document types for the most part, except where additional document types are noted per the workshop discussions.

The company code is assigned a field status variant, which contains a set of field status groups. Many general ledger accounts require the same screen layout for posting. In this case, a field status group for the screen layout can be defined and assigned to the appropriate general ledger account master record. The following factors must be configured to define the document screen layout:

- Field status group of the general ledger account master record. In the case of customers and vendors, the general ledger reconciliation account is used.
- Field status of the posting key.

Link rules determine which of the factors above take priority. Screen variants impact the way a posting screen is displayed in enjoy postings; however, they function differently than the field status.

The term ‘field status’ refers to the definition of a data field as being suppressed, required or optional. For complex postings, configuring the field status ultimately defines the screen layout when posting a transaction. Enjoy postings may also be impacted by a screen variant.

The field status group is:

- A collection of field statuses that are assigned to similar general ledger account master records at the company code level
- A factor used to determine the screen layout during transaction postings using the respective account

To define the field status group in configuration, a group must be selected. Each field within the group can then be assigned a field status:

- Suppressed: The field is not displayed on the screen for entry

- Required: Data must be entered in the field
- Optional: Data can be, but is not required, entered in the field

When configuring field status groups:

- A list of all groups within a field status group can be displayed by selecting the Edit Field Status push-button
- Each field status group is divided into groups of fields, such as general data and payment transactions
- All fields in all of the groups within a field status group can be displayed by selecting the Subgroup List push-button

During document entry, the properties of a field are determined by link rules. Link rules determine the field status of a field if they differ for the following:

- Field status group of the general ledger account master record (including customer/vendor reconciliation accounts), which are defined at the company code level
- Field status of the posting key (defined at the client level)

For enjoy postings, entry screen variants can be used to simplify data entry and make only the necessary fields available for entry. Since all line item fields are on one screen for enjoy postings, posting keys and field status groups of general ledger accounts are not able to determine directly the screen layout for line items. If the posting key or field status group defines the field as “suppressed,” the field will be displayed on the default entry screen, but not be available for entry (as opposed to complex postings when these fields are hidden). To avoid having to scroll though such a great amount of fields the user can utilize a customized entry screen. The entry screen can be customized and selected through a menu path directly in the entry screen. This customization simply determines which fields will be invisible. The fields defined this way will be hidden. If these fields are required (according to the posting key or field status group), the system will still ask for an entry even if the entry screen variant defines them as invisible.

2.2.3 Validations, Substitutions & User Exits

To ensure the integrity of data, users can validate and/or substitute data at the time of transaction entry. Validations and substitutions can be configured in Finance (FI) so combinations of information will be checked for validity before posting.

- Validations: Using Boolean logic, the system checks any combination of specified criteria (e.g., an account/cost center combination) for validity before posting a document
- Substitutions: Using Boolean logic, the system replaces values of assigned fields according to user-defined specifications

A Boolean logic statement is a logical structure that can be either true or false. Statements can be linked together using operators (such as AND, OR, NOR) to create complex statements.

Boolean logic uses truth tables to determine the truth value (TRUE or FALSE) of statements. A truth table assigns the value of T (True) or F (False) to each part of a complex statement, and then determines whether the combined statement is true or false. The system performs substitutions before validations so that substituted values can also be validated.

Validations and substitutions can be an integration point between applications; therefore, they are configured for an application area and callup point. The application area is a two-character code, which specifies the general application area where the validation/substitution occurs. The callup point code is a four-digit code, which specifies the instance where the validation/substitution occurs. The combination of application area and callup point determines the exact location where a validation/substitution is invoked. To use the same Boolean logic statement in multiple places, assign a name to the Boolean expression. This name for the Boolean expression is known as a rule. A rule can be used as a stand-alone condition or check, or it can be used as part of another rule.

A validation can consist of up to 999 steps; therefore, users can validate against any number of Boolean statements before the data is posted. A validation step contains the following statements:

- Prerequisite Statement: Determines if the entered value(s) should be checked.
- Check Statement: Determines if the entered value(s) are valid. If the Check Statement is true, then the value is valid and the transaction continues. If the Check Statement is false then the system displays a message.

Once a validation is created, it must be activated by:

- Entering the callup point and company code for the validation in the applicable table, and
- Activating the validation (entering ‘1’ in the activation level column in the table)

Validations can have the following message types:

- Informational
- Warning: The user has the option of bypassing the warning and continuing to post the entry
- Error: The user cannot continue processing the transaction until the error is corrected
- Abend: The system will end all processing; the program is abnormally terminated

A substitution can also consist of up to 999 steps. Therefore, users can substitute data using any number of Boolean statements before the data is posted. A substitution step contains the following main components:

- Prerequisite statement: Defines the conditions that must be met before the substitution takes place. If the prerequisite is false, the transaction continues with no substitution. If the prerequisite is true, the transaction continues with the substituted value(s).
- Substitution value(s): Numerical or character value with which an incoming value should be substituted.
- Substitution exit: The substitution may be performed in a substitution exit. A substitution exit number refers the system to a user-defined ABAP program. When values are substituted using a substitution exit, users can define more complex situations, allowing more than one value to be substituted.

For complicated validations, substitutions, or rules that cannot be supported by Boolean algebra statements, users can define a user exit to calculate and/or replace values. A “user exit” is a break in the ABAP payable program in which the programmer codes a check of data. User exits are used to adjust the current process by writing and inserting additional programs into the solution without modifying the core solution. User exits are not a reference to end-users, but are a reference to an additional process that is required to be completed.

If a validation and/or substitution is not returning the expected message, a trace function exists to determine when and why it is not working. The trace is activated from the validation editor window. When the posting transaction is started, the values of all elements used in the validation are displayed when the validation is called. The same applies to substitutions and rules. The trace function is activated for each user for one validation, one substitution, or both. When activated the trace function stays on for the entire session or until it is turned off. Trace functions are generally used in debugging or testing the solution and its transactions. Trace is not a function that is utilized by end-users in daily processing.

2.2.4 Periodic Postings

During the normal course of business, repetitive periodic accounting transactions must be processed. Many of which contain a large number of line items. To minimize input errors and data entry time, the system offers several solutions to repetitive document posting.

Certain types of documents are posted repetitively on a periodic basis. Repetitive documents use the same posting keys, accounts, and often the same amounts. Users can simplify the process of entering repetitive business transactions by utilizing a reference document at the time of posting. The three types of reference documents for used with complex/general postings:

- Recurring documents (also known as recurring entry)
- Sample documents
- Account assignment model

Enjoy postings have only one special reference document called an account assignment template. Despite the similar name, the account assignment template differs from the complex posting's account assignment model significantly, and the two cannot be used interchangeably.

Recurring documents are business transactions that are repeated regularly, such as rent or insurance expenses. The following data never changes in recurring documents:

- Posting keys
- Accounts
- Line item amounts

When created, the recurring document itself does not post the accounting entry contained in it. Instead, the recurring posting program uses the recurring document as the basis for creating the actual accounting document via a batch input. To schedule a recurring document, the validity period must be defined within which the recurring document should be run. Then, there are two ways to set the exact dates that the information held in the recurring document will be posted:

- Specify the posting frequency by entering the day of the month and the period in months between postings
- Alternatively, a run schedule can be configured that defines the calendar dates on which the system is to post the entry

The three steps necessary to use recurring documents are:

- Create a recurring document
  - Enter the data necessary for posting the accounting document such as the posting keys, account numbers and amounts
  - Enter the control information that sets the posting frequency or run schedule
- Run the recurring posting program. The system will determine which recurring documents are to be processed during each run period and create a batch input session containing the following:
  - Data required to post the accounting documents
  - Data needed to update the scheduling information in the recurring documents including the next run date, the number of runs processed and, if necessary, a deletion indicator
- Process the batch input session. The batch input session will post the accounting documents and update the scheduling information in the recurring documents, such as the number of documents posted, the next date when a new document will be created from a recurring entry, etc.

Recurring Documents can be created and carried out for general ledger, accounts receivable or accounts payable postings.

A sample document is a model document that can be copied into a new posting; it is like a template that is stored in the system. In the document entry screen, a user can select a sample document that will automatically populate applicable fields. Once a sample document has been created and saved, only the amounts can be changed. Line items cannot be added into the sample document itself. To accommodate new line items, a new sample document must be created that contains all of the desired line items; however, line items can be added to a FI document that is referencing a sample document. When posting a document, only one sample document can be used at a time. Its document number in the document entry screen accesses the document by utilizing the post with reference function. Sample documents have a separate number range. When users create a sample document, the system stores the document but does not update any transaction figures.

An account assignment model is a pattern for document entry. It can contain any number of line items and may include posted amounts. The account assignment model is more flexible than

recurring documents or sample documents since it permits the user to add more line items and to change all the pre-assigned fields. The account assignment model allows the user to enter items in list form using screen templates that are user-defined. The posting in the account assignment model does not need to be complete. For example, in the document line items, the accounts may be pre-assigned in the model, but the cost center and amount fields may be left blank. These fields are filled when the model is actually used. The account assignment model is primarily used to post transactions to general ledger accounts rather than sub-ledger accounts. However, one can call this function within document posting in accounts receivable and accounts payable. The only mandatory field on the header of an account assignment model is the name, which is user defined.

With the account assignment model, multiple field assignments can be posted at one time. However, before one can be created, a screen template must be defined. The screen template (variant) identifies the desired fields for the line layout. A line layout may have up to two lines of fields assigned to it. The account assignment model variant contains some header data such as currency.

The account assignment model allows the distribution of a single amount among different line items using equivalence numbers. The equivalence number is a percentage of the total amount that the user assigns each line item. The system will then distribute a single amount across the line items according to the assigned percentages. The sum of the percentages must be 100%. At the time of posting, the account assignment model can be called up multiple times within one document to add the same line items over and over again. Other account assignment models can also be used in the same posting. In addition, more line items can be added manually.

While similar to the account assignment model, the account assignment template is the only reference document that can be used in the enjoy posting screen. It is accessed directly from the enjoy posting screen through a menu path. It is created directly in the enjoy posting screen by entering values in fields and saving the template. The account assignment template does not allow the use of user-defined screen templates. Enjoy screen variants may be used; however, they are created independently from the account assignment template so caution should be taken that all of the fields required by the template are included in the screen variant(s). The posting in the account assignment template does not need to be complete. For example, in the document line items, the accounts may be pre-assigned in the template, but the cost center and amount fields are left blank. These fields are filled when the template is actually used. The account assignment template is primarily used to post transactions to general ledger accounts rather than sub-ledger

accounts. One can call this function when posting documents in accounts receivable and accounts payable, however, the account assignment template will then contain only general ledger items, not customer or vendor entries. The only mandatory field of an account assignment template is the name that is provided by the user.

Reference documents are best used when postings are repetitive over time. When a document is being posted more than once with little or no change, the user can reference a previously posted document.

2.2.5 Preliminary Postings

The hold/set data function allows for the automatic default of certain data when creating another similar transaction. The data is specific to that user and must be re-entered by the user after logging off the system.

Previously we discussed the immediate posting of documents. However, business issues such as authorization and incomplete data often require a document to be stored by the system so it may be posted when all the required information and approvals have occurred. Users can use preliminary postings to enter and store incomplete documents in the system. These preliminary postings do not go through the data integrity checks when they are being stored; the checks occur when the document is finally posted. The two types of preliminary postings are:

- Parked documents
- Held documents

Preliminary postings do not update any data in the system, such as transaction figures. Parking a document allows a document to be reviewed and approved by an individual other than the user before it is posted. Information on parked documents is available immediately and can be used for reporting purposes before it is actually posted. They do not update financial statements. Parked documents are linked to reporting functions:

- They are linked to the account display and reporting functions in the Financial Accounting module (document journal and the open items reports)
- By selecting the parked items option, line items from parked documents can appear when displaying the line items of an account

Checks:

- Only certain fields, such as the posting key and account number, are required entry fields. They are validated when the document is parked
- Authorizations can be configured to allow certain users to park documents only, while others can both park and post documents
- No tolerance checks are executed when the document is parked - only when it is posted

When a parked document is saved, no financial accounting entries are posted. No balance checks are made; however, the line item can be viewed in account display. When a parked document is saved, a message containing the document number is displayed. Since these numbers are assigned in the same way as the standard document posting function, the posted document will retain the parked documents number. A parked document can be maintained and completed in several different steps. A large number of header and item fields (including the amounts) can be changed during this process. The Currency and Company Code fields cannot be changed. Users can also display changes to parked documents after they are saved. Parked documents can be deleted. The document number, however, can no longer be used for other documents.

Parked documents can be posted either individually or via a list. When posting several parked documents via a list, the system issues a list that details each parked document's disposition with details should the system not be able to post a document. If a parked document cannot be posted, the list can be used to facilitate correction. A batch input session can be created from the list to subsequently post the parked documents. Parked document data is stored in a separate table from standard posting data. When a parked document is actually posted, the data from the parked document is deleted from the parked documents database. The document data is then written to the standard documents posting database.

2.2.6 Document Changes

Errors discovered after a document has been posted can be corrected by changing the document or by reversing it and posting a corrected document. Additionally, accounts become difficult to manage over time as large numbers of documents are posted. The process of clearing optimizes account management.

Document change rules, which are configured in the Realization phase, determine which document fields can be changed and under what circumstances. The document change rule table includes all document fields that can be changed. Fields directly related to the accounting information in a document can never be changed (e.g., posting key, account number, amount,

currency and the dates in the document header) even if these fields are configured as changeable in the document change rules table. Business area and company code are also not changeable. Changes to financial accounting data can only be made by reversing the document and posting a new one. Changes to master records and documents are recorded by the system for subsequent display thereby providing an audit trail. The data dictionary defines which field changes are recorded. Bulk change enables users to edit a series of customer and vendor line items more quickly than changing line items in individual documents. Users can change the following data in mass:

- Payment data (payment terms, payment block, payment method, house bank)
- Dunning data (last dunning notice, dunning level, dunning block, dunning key)

This feature is available through the line item display functionality.

The process of document reversal creates a new document containing line items that are the opposite of those in the document being reversed. Since the original document remains intact, document reversal offers a better audit trail than correcting errors through manual adjusting entries. Both the original document and the reversal document appear as cleared documents when displaying account line items. If a posting date is not specified for a reversing entry, the system enters the posting date of the original document. The system enters the document type and posting key of the reversing document based on configuration. When creating a document type, there is a field to indicate the appropriate reversing document type and posting key. A document can be reversed only if:

- The document has no cleared line items
- The document contains only customer, vendor, or general ledger account line items
- The document was posted in FI
- All values in the original document, such as cost centers and business areas are still valid

The SCEIS solution has two types of reversal, the true reversal and the traditional reversal. The traditional reversal causes both the debit and credit columns in the account balance and subsequently in the trial balance of an organization’s books to increase by the amount of reversal. As a result, the transaction figures are inflated. The true reversal is based on the negative posting principle according to which the “negative” line item amount is posted on the same side (debit or credit) as in the original document. As a result, when a document is reversed, the account

balances that were originally increased by an incorrect posting, are in turn reversed by the negative (reversal) posting. The true reversal document looks exactly the same as the traditional reversal document, it contains postings with reversing posting keys, and it is not possible to determine at first sight that the amounts are negative. However, in the “More Details” screen of a line item a flag indicates that the negative postings took place. Neither the account balance nor the original transaction reflects the reversal on either side (debit or credit), which is the key purpose of the true reversal. Negative postings must be permitted on the company code level and also a special reason code for negative postings must be created in configuration. The traditional reversal can still be used. The conditions for the true reversal are the same as for the traditional reversal.

In non-reversal postings users can set the indicator for a negative update of transaction figures for each line item individually when posting a document. If a line item has been posted to the wrong account within a document and reversal and reposting of the document is not possible or not desired, users can remove the item from the wrong account and add it to the right one. To do this, users have to make a transfer posting where one item results in a normal update of the transaction figures, while another item results in a negative update. In FI, a non-negative reversal still makes sense in order to avoid negative transaction figures and for accrual postings.

2.2.7 Clearing

Line items are considered open when they are posted to “open item managed” general ledger accounts and to all customer or vendor accounts. Clearing is the process of matching open debit entries with open credit entries within the same account. The system assigns a clearing number to the matched items. The system is able to post a line item and clear it against an open item or items in one transaction (Post With Clearing).

Only general ledger accounts that are open item managed can be cleared. All customer and vendor accounts can be cleared. The “additional selection” section of the clearing transaction can be used to narrow the number of line items viewed, especially when a large number of open items exist in the account. The viewed line items must be selected for clearing. Users can have individual line items or entire blocks of line items default as selected. The net value of all selected line items must be zero. The system creates a document header even when no clearing entries are necessary to balance the items to zero. The clearing number is derived from the document number of the clearing document. The clearing document has its own number even if it is just a header.

The system also performs this procedure if users clear open items by running the clearing program.

Automatic clearing program is also available. In it, the user only specifies the account to be cleared. The system then selects open line items with matching amounts and assignment numbers and clears them automatically. The system will also generate this document header if running the clearing program clears open items. If the clearing date is not specified then the date on the clearing document will default to the most recent date of either the document date or posting date of the documents that contain the line items selected for clearing. In order to clear general ledger accounts, a clearing tolerance must be defined in configuration and specified in the master record.

When clearing open items, the system automatically creates necessary clearing entries. These entries in the standard system contain all information required to make necessary updates to transaction figures, commitments, and account balances. Separate clearing entries could be created, for example, for each of the different business areas or accounts.

Users may also separate clearing entries by other criteria (assignment number, reference number, contract number, etc.) and transfer these values to the cleared items. Users can define client-independent rules to break down clearing entries even further. These rules are called clearing rules. For each rule, users choose the fields they require as criteria for classifying the clearing entries. Clearing rules are assigned at the client level and account type level so that users can define different classifications for customer, vendor and general ledger accounts.

Organizations that are both customers and vendors can be cleared against each other if the customer number and vendor number cross-reference each other in their master records. The State will not use this functionality.

Tolerances can be specified absolute and/or relative amounts depending on whether they are expense or revenue postings. The differences are posted to special clearing accounts. The functionality is similar to determining tolerances for employee and customer/vendor accounts. The tolerances per user and account control whether the system:

- Posts the difference automatically, or
- Issues an appropriate message if the difference is too large

It is not possible to manually clear a general ledger account without having a general ledger tolerance group defined in configuration. If users prefer not to use this functionality and avoid assigning a specific tolerance group to a general ledger account in their master records, users need to create a “dummy” (blank) tolerance group for a particular company code in configuration with “dummy” values. The tolerance group field in the general ledger master records can then stay blank (blank tolerance group is assigned).

When performing automatic clearing using the clearing program, it is possible to select “Include tolerances” under posting parameters near the bottom of the screen. If users do not select the indicator, the system ignores general ledger tolerance groups. If the differences are posted automatically, it is necessary to define the appropriate accounts in configuration. Separate accounts can be specified for debit or credit postings. The tolerances are not taken into account if users change to the partial payment or residual item screens from open item processing. Employee (user) tolerances can also be involved in the clearing process.

2.2.8 Special General Ledger

Special general ledger transactions are multi-step transactions that, for reporting purposes, must be posted to a reconciliation general ledger account other than that defined in the customer or vendor master record for which the transaction is being processed.

Special general ledger transactions are transactions that logically belong to accounts in the sub-ledger (customer/vendor) but are not to be posted to the corresponding general ledger reconciliation account defined in the master record. Instead alternate general ledger reconciliation accounts allow these transactions to be reported separately on the balance sheet. Special general ledger transactions can be grouped into three basic categories:

- Bill of exchange related: Bill of exchange processing is used to handle country specific requirements. The SCEIS solution provides special preconfigured programs and screens that use the special general ledger transaction functionality to meet these requirements.
- Down payment related: The SCEIS solution provides special preconfigured programs and screens that handle the requests, receipt and application of down payments. They can be used in the Accounts Receivable or Accounts Payable modules and are contained on the standard SCEIS solution accounts receivable and accounts payable menus. Down payment processing has also been integrated into the SCEIS solution dunning and payment processing programs.

- Other: Miscellaneous types of business transactions use special general ledger transactions functionality.

There are three ways that special general ledger entries can be recorded in the system. The general ledger indicator on the line item being entered controls the processing of these entries.

- Real Postings are part of the balance sheet. They are postings with a freely definable offsetting entry (e.g. a down payments receipt posting).
- Statistical Postings are transactions that always post to the same offsetting account. They are typically part of the balance sheet appendix (e.g., a guarantee).
- Noted Items (e.g., a down payment request) are postings that are intended to serve as reminders of outstanding payments due or to be made. They are not displayed in the financial statements.

The special general ledger indicator must be entered when the transaction is created. This enables the system to recognize the transaction as a special general ledger transaction. Posting keys and special general ledger indicators are predefined in the system and do not need to be defined in advance. However, they can be changed or added to satisfy the requirements of the organization. The posting keys 09, 19, 29 and 39 are allocated to special general ledger transactions in the standard system.

Special general ledger accounts should be specified as reconciliation general ledger accounts for the following account types:

- D (Customer)
- K (Vendor)

The line item display option should be used in the alternate reconciliation general ledger accounts but not in the regular reconciliation general ledger accounts (accounts receivable/accounts payable accounts).

The down payment request belongs to the special general ledger class down payments, but is merely a noted item (i.e., a memo entry). When a down payment request is posted, the system creates a document containing a one-sided memo entry recorded in the customer or vendor account. A document is created, but no financial accounting entry is posted to the general ledger. Although the special general ledger indicator for a down payment request is F, the target special

general ledger indicator is A (Down Payment), which must be entered on the down payment request entry screen. All down payment requests can be displayed in the customer/vendor account display screen.

If an uncleared down payment exists for a customer, the system will issue a warning message, which alerts the user that the customer has made a prepayment, when a new open item is posted to that customer's account. As is the case with down payment requests, down payments may also be displayed in the customer account line item display.

If the system is configured to do so, a down payment request will trigger either the dunning program (to remind the customer to pay) or the payment program (to make the payment to the vendor). In this case, the down payments are created and posted automatically. The down payment is managed as a payment on account (i.e., a liability) until the open items are cleared from the invoice. The down payment is cleared with the final invoice. This clearing can be done automatically via the payment program.

2.2.9 Workflow

If a data entry clerk has parked a document, the clerk can manually contact the appropriate supervisor for approval of the parked document or use the SCEIS solution workflow capability. Listed below are the benefits of utilizing workflow:

- A tool for increasing the efficiency of office communication and organization
- Allows automated document release (posting the document) and/or approval procedures involving two persons
- Increases efficiency of business processes by linking tasks to employees or departments within the organization
- Reduces time and cost in managing business processes by coordinating people, work steps and the data to be processed
- Increases transparency and quality

Through workflow, multiple approval processes can be configured. When a document is parked, it is triggered by threshold amounts for release to be approved. However, only three levels of amount approvals are possible. The amount-based release procedure will determine which person of responsibility should be notified (the approval path between employees or organizational departments must be configured), and the system will automatically place a message in the

approver’s mailbox to review the parked document. Upon review, the approver can complete (insert additional required information), approve or reject the parked document. If rejected, a mail message will be sent to the originator of the parked document. If completed, the parked document is ready to be posted (called “release” in workflow).

If certain information is not available during document creation, the document can be saved as a held document. As with a parked document, when a held document is saved, no financial accounting entries are posted. Holding a document differs from parking a document in the following ways:

- The User assigns a temporary document number to the held document, which is controlled by the User ID. Others cannot view or change this held document.
- Held documents cannot be viewed in account display. Held documents can only be displayed during standard document entry time using the Open Held Document push-button.